

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of AuTrain, Michigan	County Alger
Fiscal Year End 3/31/06	Opinion Date 9/30/06	Date Audit Report Submitted to State 12-28-06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.


We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☒ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Anderson, Tackman, & Company, PLC		Telephone Number 906-225-1166	
Street Address 102 W. Washington St., Suite 109		City Marquette	State MI
		Zip 49855	
Authorizing CPA Signature 	Printed Name Michael Alan Greutz		License Number 1101027988

TOWNSHIP OF AUTRAIN, MICHIGAN

FINANCIAL STATEMENTS

For the Year Ended March 31, 2006

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REQUIRED SUPPLEMENTAL FINANCIAL INFORMATION

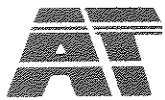
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ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN
ESCANABA
IRON MOUNTAIN
KINROSS
MARQUETTE

WISCONSIN
GREEN BAY
MILWAUKEE

INDEPENDENT AUDITORS' REPORT

Honorable Supervisor and Members of
the Township Board of Trustees
Township of AuTrain, Michigan
P.O. Box 33
AuTrain, Michigan 49806

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information as of and for the year ended March 31, 2006, which collectively comprise the Township of AuTrain, Michigan's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of AuTrain, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all the respects, the respective financial position of the governmental activities, each major fund and aggregate remaining fund information of the Township of AuTrain, Michigan as of March 31, 2006, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 30, 2006 on our consideration of the Township of AuTrain, Michigan's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and other matters and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Honorable Supervisor and Members of the Township Board of Trustees
Township of AuTrain, Michigan

The Management's Discussion and Analysis and budgetary comparison information on pages 5 through 8 and 25 through 27, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of AuTrain, Michigan's basic financial statements. The combining and individual fund financial statements and schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Anderson, Tackman & Company, PLC
Certified Public Accountants

September 30, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the Township of Autrain's financial performance provides an overview of the Township's financial activities for the year ended March 31, 2006. Please read it in conjunction with the financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- Net assets for the Township as a whole increased by \$9,965 as a result of this year's operations.
- During the year, the Township had expenses for governmental activities that were \$401,935.
- The General Fund reported a net fund balance of \$334,113. Net income was \$237,809 higher than the forecasted decrease of \$290,371.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 9 and 10) provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 15. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for the future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the Township as a Whole

Our analysis of the Township as a whole begins on page 6. One of the most important questions asked about the Township's finances is "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Township's *net assets* and changes in them. You can think of the Township's net assets - the difference between assets and liabilities - as one way to measure the Township's financial health, or *financial position*. Over time, *increases or decreases* in the Township's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Township's patron base and the condition of the Township's capital assets, to assess the *overall financial health* of the Township.

In the Statement of Net Assets and the Statement of Activities, we divide the Township into one kind of activity:

- Governmental Activities – Most of the Township's basic services are reported here, including the legislative, elections, public safety, public works, recreation and culture, community and economic development and general services and administration. Property taxes, charges for services and state sources fund most of these activities.

Reporting the Township's Most Significant Funds

Our analysis of the Township's major funds begins on page 7. The fund financial statements begin on page 11 and provide detailed information on the most significant funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township Board establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using taxes, grants, and other money.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

- *Governmental funds* – Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed *short-term* view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and Statement of Activities) and governmental *funds* in a reconciliation which follows the fund financial statements.

The Township as Trustee

The Township is the trustee, or fiduciary, for assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the Township's fiduciary activities are reported in separate Statements of Fiduciary Net Assets on page 15. We exclude these activities from the Township's other financial statements because the Township cannot use these assets to finance its operations.

The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The Township as a Whole

Table I provides a summary of the Township's net assets as of March 31, 2006.

Table 1 Net Assets	
	Governmental Activities 3/31/06
Current & Other Assets	\$689,861
Capital Assets, net	815,962
Total Assets	\$1,505,823
Current Liabilities	15,642
Non-current Liabilities	61,213
Total Liabilities	76,855
Net Assets:	
Invested in capital assets, net of related debt	746,163
Restricted	-
Unrestricted (deficit)	682,805
Total Net Assets	\$1,428,968

Net assets of the Township's governmental activities stood at \$1,428,968. *Unrestricted* net assets—the part of net assets that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at \$682,805.

The \$682,805 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the Township as a whole are reported in the Statement of Activities (see Table 2).

Table 2
Change in Net Assets

	Governmental Activities 3/31/06
Revenues:	
Program Revenues:	
Charges for services	\$10,504
Operating grants and contributions	52,387
General Revenues:	
Property taxes	241,840
State sources	81,875
Interest and miscellaneous	25,294
Total Revenues	411,900
Program Expenses:	
Legislative	5,541
Elections	774
General services & administration	112,492
Public safety	70,205
Public Works	120,703
Community and Economic Development	11,050
Recreation and Culture	15,065
Other	5,668
Debt Service	5,602
Unallocated Depreciation	54,835
Total Expenses	401,935
Excess (deficiency) before transfers	9,965
Transfers	-
Increase (decrease) in net assets	9,965
Net assets, beginning, as restated	1,419,003
Net Assets, Ending	\$1,428,968

The Township's total revenues were \$411,900. The total cost of all programs and services was \$401,935, creating an increase in net assets of \$9,965.

Governmental Activities

The Governmental Activities experienced an increase in net assets for the year of \$9,965. Key reasons for the change in net assets are as follows:

Net decrease in governmental fund balances of \$(41,239)
 Depreciation charged to expenditures of \$(54,835)
 Capital outlay reclassified to Capital asset of \$69,992
 Repayment of principal from expenditure to long term liabilities of \$36,047

THE TOWNSHIP'S FUNDS

As the Township completed the year, its governmental funds (as presented in the balance sheet on page 11 reported a *combined* fund balance of \$682,805 a decrease of \$41,239 from the beginning of the year.

Governmental Funds decreased by \$41,239. This is primarily due to the building improvement project of \$69,992 in the general fund.

General Fund Budgetary Highlights

Over the course of the year, the Township Board made no revisions to the budget.

Revenues had a budget of \$172,725 causing a positive variance of \$37,721. This was due to higher property tax revenue than expected.

Expenditures had a budget of \$445,375 and actual expenditures of \$245,287, causing a positive variance of \$200,088. The main reason was \$169,533 in Township building and grounds for improvement projects that were not completed during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2006, the Township had \$815,962 invested in a variety of capital assets including land, buildings, and other equipment. (See table 3 below)

Table 3 Capital Assets at Year-End (Net of Depreciation)	
	Governmental Activities – 2006
Land	\$360,000
Land improvements	-
Buildings and improvements	336,892
Equipment and furnishings	119,070
	<u>\$815,962</u>

The Township recorded depreciation expense of \$54,835 for 2006 and had a building improvement project of \$69,992 paid from general fund equity balance.

Debt

At the end of fiscal 2006, the Township had outstanding debt of \$69,798 related to AuTrain township's Fire Trucks.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

In preparing the Township's budget for the year ending March 31, 2007 basically, the budget is the same for the year ending March 31, 2006.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township of Autrain, P.O. Box 33, AuTrain, Michigan 49806.

TOWNSHIP OF AUTRAIN, MICHIGAN

STATEMENT OF NET ASSETS

March 31, 2006

	<u>Governmental Activities</u>
ASSETS:	
Current assets:	
Cash and Cash Equivalents	\$ 625,932
Accounts Receivable	49,585
Prepaid Expenses	14,344
	<hr/>
TOTAL CURRENT ASSETS	689,861
	<hr/>
Non-current assets:	
Land	360,000
Capital Assets	1,186,492
Less Accumulated Depreciation	(730,530)
	<hr/>
TOTAL NON-CURRENT ASSETS	815,962
	<hr/>
TOTAL ASSETS	1,505,823
	<hr/>
LIABILITIES:	
Current liabilities:	
Accounts Payable	7,056
Current Portion of Bond/Notes Payable	8,586
Other Current Liabilities	-
	<hr/>
TOTAL CURRENT LIABILITIES	15,642
	<hr/>
Non-current liabilities:	
Non-current Portion of Bond/Notes Payable	61,213
	<hr/>
TOTAL NON-CURRENT LIABILITIES	61,213
	<hr/>
TOTAL LIABILITIES	76,855
	<hr/>
NET ASSETS:	
Invested in Capital Assets Net of Related Debt	746,163
Restricted:	
Debt Service	-
Unrestricted	682,805
	<hr/>
TOTAL NET ASSETS	\$ 1,428,968
	<hr/>

See Notes to Financial Statements.

TOWNSHIP OF AUTRAIN, MICHIGAN

STATEMENT OF ACTIVITIES

For the Year Ended March 31, 2006

Function / Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Legislative	\$ 5,541	\$ -	\$ -	\$ (5,541)
Judicial	-	-	-	-
Elections	774	-	-	(774)
General Government	112,492	6,702	5,450	(100,340)
Public Safety	70,205	3,802	44,650	(21,753)
Public Works	120,703	-	2,287	(118,416)
Health and Welfare	-	-	-	-
Community and Economic Development	11,050	-	-	(11,050)
Recreation and Culture	15,065	-	-	(15,065)
Other Functions	5,668	-	-	(5,668)
Capital Outlay	-	-	-	-
Debt Service	5,602	-	-	(5,602)
Unallocated - Depreciation	54,835	-	-	(54,835)
TOTAL GOVERNMENTAL ACTIVITIES	401,935	10,504	52,387	(339,044)
General revenues:				
Taxes				241,840
Unrestricted State sources				81,875
Interest and investment earnings				17,622
Miscellaneous				7,672
Transfers in (Out)				-
TOTAL GENERAL REVENUES AND TRANSFERS				349,009
			CHANGES IN NET ASSETS	9,965
Net Assets , April 1				1,419,003
			NET ASSETS, MARCH 31	\$ 1,428,968

See Notes to Financial Statements.

TOWNSHIP OF AUTRAIN, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET

March 31, 2006

	General Fund	Fire Fund	Rubbish Collection Fund	Total
ASSETS:				
Cash and Cash Equivalents	\$ 300,731	\$ 135,520	\$ 189,681	\$ 625,932
Accounts Receivable	19,445	-	-	19,445
Delinquent Taxes Receivable	6,780	17,337	6,023	30,140
Due From Other Funds	-	-	-	-
Prepaid Expenses	7,157	7,187	-	14,344
TOTAL ASSETS	<u>\$ 334,113</u>	<u>\$ 160,044</u>	<u>\$ 195,704</u>	<u>\$ 689,861</u>
LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Accounts Payable	\$ -	\$ -	\$ 7,056	\$ 7,056
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>7,056</u>	<u>7,056</u>
FUND BALANCES:				
Unreserved	334,113	160,044	188,648	682,805
TOTAL FUND BALANCES	<u>334,113</u>	<u>160,044</u>	<u>188,648</u>	<u>682,805</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 334,113</u>	<u>\$ 160,044</u>	<u>\$ 195,704</u>	<u>\$ 689,861</u>

See Notes to Financial Statements.

TOWNSHIP OF AUTRAIN, MICHIGAN
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

March 31, 2006

Total Fund Balances for Governmental Funds	\$	682,805
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*Amounts reported for governmental activities in the statement
of net assets are different because:*

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds.

	Land	360,000	
	Cost of capital assets	1,186,492	
	Accumulated depreciation	<u>(730,530)</u>	
			815,962

Long-term liabilities are not due and payable in the current period and are
not reported in the funds. Long-term liabilities at year-end consist of:

	Notes payable - Current	8,586	
	Notes payable - Long-Term	<u>61,213</u>	
			(69,799)

NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>1,428,968</u>
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TOWNSHIP OF AUTRAIN, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended March 31, 2006

	General Fund	Fire Fund	Rubbish Collection Fund	Total
REVENUES:				
Taxes	\$ 61,527	\$ 132,694	\$ 47,619	\$ 241,840
Licenses and Permits	-	-	-	-
Federal Sources	-	44,650	-	44,650
State Sources	84,162	-	-	84,162
Contributions From Local Sources	5,450	-	-	5,450
Charges for Services	6,702	3,802	-	10,504
Fines and Forfeitures	-	-	-	-
Interest and Rents	8,812	1,989	6,821	17,622
Other Revenue	6,072	1,600	-	7,672
TOTAL REVENUES	172,725	184,735	54,440	411,900
EXPENDITURES:				
Legislative	5,541	-	-	5,541
Judicial	-	-	-	-
Elections	774	-	-	774
General Government	112,492	-	-	112,492
Public Safety	-	70,205	-	70,205
Public Works	24,705	-	95,998	120,703
Health and Welfare	-	-	-	-
Community and Economic Development	11,050	-	-	11,050
Recreation and Culture	15,065	-	-	15,065
Other Functions	75,660	-	-	75,660
Capital Outlay	-	-	-	-
Debt Service	-	41,649	-	41,649
TOTAL EXPENDITURES	245,287	111,854	95,998	453,139
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(72,562)	72,881	(41,558)	(41,239)
OTHER FINANCING SOURCES (USES):				
Operating Transfer In	20,000	-	-	20,000
Operating Transfer (Out)	-	-	(20,000)	(20,000)
TOTAL OTHER FINANCING SOURCES (USES)	20,000	-	(20,000)	-
NET CHANGE IN FUND BALANCE	(52,562)	72,881	(61,558)	(41,239)
Fund Balance, Beginning of Year	386,675	87,163	250,206	724,044
FUND BALANCE, END OF YEAR	\$ 334,113	\$ 160,044	\$ 188,648	\$ 682,805

See Notes to Financial Statements.

TOWNSHIP OF AUTRAIN, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended March 31, 2006

Net Change in Fund Balances - Total Governmental Funds	\$	(41,239)
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*Amounts reported for governmental activities in the statement
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Depreciation expense	(54,835)	
Capital outlays	<u>69,992</u>	15,157

Repayment of bond/note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

	<u>36,047</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$	<u><u>9,965</u></u>
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See Notes to Financial Statements.

TOWNSHIP OF AUTRAIN, MICHIGAN
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
March 31, 2006

	Agency Fund
	<u> </u>
ASSETS:	
Cash and Cash Equivalents	\$ 30,312
	<u> </u>
TOTAL ASSETS	<u><u> \$ 30,312</u></u>
LIABILITIES:	
Due to Other Funds	\$ -
Due to Other Governmental Units	30,312
	<u> </u>
TOTAL LIABILITIES	<u><u> \$ 30,312</u></u>

See Notes to Financial Statements.

TOWNSHIP OF AUTRAIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Township have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant of these accounting policies established in GAAP and used by the Township are described below.

(1) REPORTING ENTITY

The Township's financial statements present the Township (the primary government). In evaluating the Township as a reporting entity, management has addressed all potential component units (traditionally separate reporting units) for which the Township may or may not be financially accountable and, as such, be includable within the Township's financial statements.

(2) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental. The Township's legislative, public works, public safety, community and economic development, recreation and culture and general services and administration are classified as governmental activities.

In the government-wide Statement of Net Assets, the governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue.

The government-wide focus is more on the sustainability of the Township as an entity and the change in the Township's net assets resulting from the current year's activities. For the most part, the effect of interfund activities has been removed from these statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(3) BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Township:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the Township:

- **General Fund** - General Fund is the general operating fund and, accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.
- **Fire Fund** - Fire Fund is a Special Revenue Fund type used to account for financial resources to be used for the expenditures related to Fire protection services.
- **Rubbish Collection Fund** - Rubbish Collection fund is a Special Revenue Fund type used to account for financial resources to be used for the expenditure of garbage collection.

Proprietary Funds

There are no Proprietary Funds in use.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Township programs. The agency fund is custodial in nature and does not present results of operations or have a measurement focus.

Permanent Funds

Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs—that is, for the benefit of the government or its citizenry.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The Township reports the following major governmental funds:

- The **General Fund** is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Township's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the Township, these funds are not incorporated into the government-wide statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(4) BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

The governmental in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

(5) FINANCIAL STATEMENT AMOUNTS

Budgets and Budgetary Accounting – The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Township Supervisor submits to the Township Board of Trustees a proposed operating budget for the fiscal year commencing the following April, 1st. The operating budget includes proposed expenditures and the means of financing them.
- b. Numerous opportunities exist for public comment during the budget process including at least two formal public hearings conducted at the Township Hall to obtain taxpayer comment.
- c. Pursuant to statute, prior to March 31, of each year the budget for the ensuing year is legally enacted through adoption of an Annual General Appropriations Act.
- d. The general statute governing Township budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of the said Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The Township Board of Trustees, through policy action, specifically directs the Supervisor not to authorize or participate in any expenditure of funds except as authorized by the Annual General Appropriations Act. The Board recognized that, in addition to possible Board sanctions for willful disregard of this policy, State statutes provide for civil liability for violations of the Annual General Appropriations Act.
- e. The Supervisor is authorized by means of Township policy to make certain transfers:

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

1. The Supervisor receives a request for a budget transfer from the head of the department whose budget is to be affected. Such request must specify the necessity for the transfer, the account name and/or groups(s) and amount to be affected within prescribed limitations. Transfers in excess of those limitations must be approved by the Board of Trustees.
2. The following considerations must be reviewed in determination of transfer approvals.
 - a. Are the transfers consistent with the intent of the Board of Trustees in adopting the annual budget?
 - b. Will the transfer maintain the financial integrity of the Township?
 - c. Will the transfer provide a reasonable solution to the Departmental operating problem?

Considering the above, the Supervisor will then decide whether or not the transfer should be made.

Supplemental appropriations are submitted to and reviewed by the Supervisor and submitted to the Township Board of Trustees for their review and approval. If approved, they are implemented by the Supervisor through a budget revision.

- f. The Township adopts its Annual Budget on a departmental basis. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary control exists at the most detailed level adopted by the Board of Trustees, i.e., department for analytical purposes. A detailed line item breakdown is prepared for each program. Accounting, i.e., classification control, resides at the line item detail level.
- g. Budgets for the General Funds were adopted in substance on an accrual basis which is consistent with generally accepted accounting principles. Budgeted amounts as reported in the Financial Report are as originally adopted and/or amended by the Township Board of Trustees.

Cash Equivalents and Investments – For the purposes of balance sheet classification and the statement of cash flows, cash and equivalents consist of demand deposits, cash in savings, money market accounts and short-term certificates of deposit with original maturity of three months or less. Investments are carried at fair value.

Receivables – All trade and property tax receivables/payable are shown as net of allowance for uncollectible amounts.

Capital Assets – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair value on the date donated. Depreciation on all exhaustible capital assets is charged as an expense against their operations in government-wide statements

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

and proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Land improvements	15 years
Building, structures and improvements	40 years
Equipment	5 years

Long-Term Liabilities – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

Property Taxes – Property taxes are levied as of December 1 of each year and are due by the last day of the following March. The taxes are collected by the local unit and periodically remitted to the third parties during the collection period.

Deferred Revenues – Deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

Interfund Activity – Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a result of the reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

NOTE B – DEPOSITS AND INVESTMENTS:

Cash Equivalents

As of March 31, 2006, the Township's cash and cash equivalents and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash and equivalents	\$625,932	\$30,312	\$656,244
Investments	-	-	-
	<u>\$625,932</u>	<u>\$30,312</u>	<u>\$656,244</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. State law does not require and the Township does not have a deposit policy for custodial credit risk. The carrying amounts of the Township's deposits with financial institutions were \$625,932 and the bank balance was \$670,184 bank balance is categorized as follows:

NOTE B – DEPOSITS AND INVESTMENTS (Continued):

Amount insured by the FDIC	\$239,683
Amount uncollateralized and uninsured	430,501
	<u>\$670,184</u>

Investments

As of March 31, 2006, the Township did not have any investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Township's investments. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Michigan statutes (Act 196, PA 1997) authorize the Township to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

The Township has no investment policy that would further limit its investment choices. Ratings are not required for the Township's investment in U.S. Government Agencies or equity-type funds. The Township's investments are in accordance with statutory authority.

Concentration of Credit Risk

The Township places no limit on the amount the Township may invest in any one issuer. There were no investments subject to concentration of credit risk disclosure.

NOTE C – FUND MODIFICATIONS (TRANSFER TO/FROM OTHER FUNDS):

TRANSFERS IN	TRANSFERS OUT		
		Rubbish Collection Fund	Totals
	General	\$20,000	\$20,000
	Total	<u>\$20,000</u>	<u>\$20,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) moves receipts restricted to Debt Service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenue collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE D – CAPITAL ASSETS:

A summary of the capital assets of the Governmental Activities is as follows:

	Balance at March 31, 2005	Additions	Disposals	Balance at March 31, 2006
GOVERNMENTAL ACTIVITIES:				
Land	\$ 360,000	\$ -	\$ -	\$360,000
Total Capital Assets, not being depreciated	360,000	-	-	\$360,000
Buildings and improvements	453,400	69,992	-	523,392
Furniture and equipment	663,100	-	-	663,100
Total Capital Assets, being depreciated	1,116,500	69,992	-	1,186,492
Less Accumulated Depreciation:				
Buildings and improvements	(173,825)	(12,675)	-	(186,500)
Furniture and equipment	(501,870)	(42,160)	-	(544,030)
Total Accumulated Depreciation	(675,695)	(54,835)	-	(730,530)
Governmental Activities Capital Assets, Net	\$800,805	\$15,157	\$ -	\$ 815,962

Depreciation expenses for the governmental activities were charged to the following functions and activities of the primary government:

Unallocated Depreciation	\$54,835
Total	<u>\$54,835</u>

NOTE E – LONG-TERM DEBT:

Changes in long term debt principal during the period ended March 31, 2006 are summarized as follows:

	April 1, 2005	Additions	Subtractions	March 31, 2006
Fire Truck Note #1	\$27,867	\$ -	\$27,867	\$ -
Fire Truck Note #2	77,979	-	8,180	69,799
TOTAL PRIMARY GOVERNMENT LONG-TERM DEBT	<u>\$105,846</u>	<u>\$ -</u>	<u>\$36,047</u>	<u>\$69,799</u>

FIRE TRUCK NOTE #1

A Fire Truck was purchased on September 20, 1995 for \$169,887 with an interest rate of 6.98%, due annually on January 1st of each year.

FIRE TRUCK NOTE #2

A Fire Truck was purchased on June 27, 2002 for \$123,201 with an interest rate of 4.95%, with \$30,000 due at purchase with 10 annual payments of \$12,041 due in June of each year.

Year	Principal	Interest	Total
2006	\$8,585	\$3,456	\$12,041
2007	9,010	3,031	12,041
2008	9,456	2,585	12,041
2009	9,924	2,117	12,041
2010	10,416	1,625	12,041
2011	10,931	1,110	12,041
2012	11,477	564	12,041
Total	<u>\$69,799</u>	<u>\$14,488</u>	<u>\$84,287</u>

NOTE F – PROPERTY TAXES:

The Township's property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31st.

Although the Township's 2005 ad valorem tax is levied and collectible on December 1, 2005, it is the Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60) days.

The 2005 taxable valuation of the Township totaled \$43,950,835, on which ad valorem taxes levied consisted of .7879 mills for the Township's operation purposes, 1.0000 mills for the Township's rubbish collection and 2.9337 mills for the Township's fire department operations. These amounts are recognized in the General Fund, Rubbish Collection Fund, and Fire Fund financial statements as revenue.

NOTE G – CONTINGENT LIABILITIES:

Risk Management – The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained commercial insurance to handle its risk of loss.

NOTE H – EXCESS OF ACTUAL EXPENDITURES:

The following funds had an excess of actual expenditures over appropriations for the year ended March 31, 2006.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Legislative	\$ -	\$5,541	\$5,541
Other functions	51,250	75,660	24,410

REQUIRED SUPPLEMENTAL FINANCIAL INFORMATION

TOWNSHIP OF AUTRAIN, MICHIGAN
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE

For the Year Ended March 31, 2006

	Budgeted Amounts		Actual	Variance with
	Original	Final	(GAAP Basis)	Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 43,504	\$ 43,504	\$ 61,527	\$ 18,023
Licenses and Permits	-	-	-	-
Federal Sources	-	-	-	-
State Sources	78,000	78,000	84,162	6,162
Contributions From Local Sources	-	-	5,450	5,450
Charges for Services	9,000	9,000	6,702	(2,298)
Fines and Forfeitures	-	-	-	-
Interest and Rents	3,500	3,500	8,812	5,312
Other Revenue	1,000	1,000	6,072	5,072
TOTAL REVENUES	135,004	135,004	172,725	37,721
EXPENDITURES:				
Legislative	-	-	5,541	(5,541)
Judicial	-	-	-	-
Elections	11,600	11,600	774	10,826
General Government	282,025	282,025	112,492	169,533
Public Safety	-	-	-	-
Public Works	60,000	60,000	24,705	35,295
Health and Welfare	-	-	-	-
Community and Economic Development	20,500	20,500	11,050	9,450
Recreation and Culture	20,000	20,000	15,065	4,935
Other Functions	51,250	51,250	75,660	(24,410)
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
TOTAL EXPENDITURES	445,375	445,375	245,287	200,088
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(310,371)	(310,371)	(72,562)	237,809
OTHER FINANCING SOURCES (USES):				
Operating Transfer In	20,000	20,000	20,000	-
Operating Transfer (Out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	20,000	20,000	20,000	-
NET CHANGE IN FUND BALANCE	(290,371)	(290,371)	(52,562)	237,809
Fund Balance, Beginning of Year	386,675	386,675	386,675	-
FUND BALANCE, END OF YEAR	\$ 96,304	\$ 96,304	\$ 334,113	\$ 237,809

TOWNSHIP OF AUTRAIN, MICHIGAN

FIRE FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended March 31, 2006

	Budgeted Amounts		Actual	Variance with
	Original	Final	(GAAP Basis)	Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 128,915	\$ 128,915	\$ 132,694	\$ 3,779
Licenses and Permits	-	-	-	-
Federal Sources	-	-	44,650	44,650
State Sources	-	-	-	-
Contributions From Local Sources	-	-	-	-
Charges for Services	-	-	3,802	3,802
Fines and Forfeitures	-	-	-	-
Interest and Rents	400	400	1,989	1,589
Other Revenue	2,500	2,500	1,600	(900)
TOTAL REVENUES	131,815	131,815	184,735	52,920
EXPENDITURES:				
Legislative	-	-	-	-
Judicial	-	-	-	-
Elections	-	-	-	-
General Government	-	-	-	-
Public Safety	87,274	87,274	70,205	17,069
Public Works	-	-	-	-
Health and Welfare	-	-	-	-
Community and Economic Development	-	-	-	-
Recreation and Culture	-	-	-	-
Other Functions	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	36,000	41,649	(5,649)
TOTAL EXPENDITURES	87,274	123,274	111,854	11,420
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	44,541	8,541	72,881	64,340
OTHER FINANCING SOURCES (USES):				
Operating Transfer In	-	-	-	-
Operating Transfer (Out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	44,541	8,541	72,881	64,340
Fund Balance, Beginning of Year	87,163	87,163	87,163	-
FUND BALANCE, END OF YEAR	\$ 131,704	\$ 95,704	\$ 160,044	\$ 64,340

TOWNSHIP OF AUTRAIN, MICHIGAN
RUBBISH COLLECTION FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended March 31, 2006

	Budgeted Amounts		Actual	Variance with
	Original	Final	(GAAP Basis)	Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 43,971	\$ 43,971	\$ 47,619	\$ 3,648
Licenses and Permits	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	-	-
Contributions From Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Interest and Rents	1,000	1,000	6,821	5,821
Other Revenue	-	-	-	-
TOTAL REVENUES	44,971	44,971	54,440	9,469
EXPENDITURES:				
Legislative	-	-	-	-
Judicial	-	-	-	-
Elections	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	137,000	137,000	95,998	41,002
Health and Welfare	-	-	-	-
Community and Economic Development	-	-	-	-
Recreation and Culture	-	-	-	-
Other Functions	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
TOTAL EXPENDITURES	137,000	137,000	95,998	41,002
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(92,029)	(92,029)	(41,558)	50,471
OTHER FINANCING SOURCES (USES):				
Operating Transfer In	-	-	-	-
Operating Transfer (Out)	(20,000)	(20,000)	(20,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(20,000)	(20,000)	(20,000)	-
NET CHANGE IN FUND BALANCE	(112,029)	(112,029)	(61,558)	50,471
Fund Balance, Beginning of Year	250,206	250,206	250,206	-
FUND BALANCE, END OF YEAR	\$ 138,177	\$ 138,177	\$ 188,648	\$ 50,471

OTHER SUPPLEMENTAL FINANCIAL INFORMATION

TOWNSHIP OF AUTRAIN, MICHIGAN

**MAJOR GOVERNMENTAL FUNDS
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended March 31, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Taxes:			
Current Levy	\$ 33,004	\$ 36,709	\$ 3,705
Commercial Forest Reserve	1,500	12,427	10,927
Swamp Tax	-	31	31
Tax Collection Fees	9,000	12,360	3,360
Total Taxes	<u>43,504</u>	<u>61,527</u>	<u>18,023</u>
State Sources:			
State Revenue Sharing	78,000	81,875	3,875
Metro Act	-	2,287	2,287
Total State Sources	<u>78,000</u>	<u>84,162</u>	<u>6,162</u>
Local Sources:			
Grants	2,000	5,450	3,450
Total Local Sources	<u>2,000</u>	<u>5,450</u>	<u>3,450</u>
Charges for Services:			
Miscellaneous Services	9,000	6,702	(2,298)
Total Charges for Services	<u>9,000</u>	<u>6,702</u>	<u>(2,298)</u>
Interest:			
Investment Interest	2,500	8,377	5,877
Rental Income	1,000	435	(565)
Total Interest	<u>3,500</u>	<u>8,812</u>	<u>5,312</u>
Other Revenue:			
Other Revenue	1,000	6,072	5,072
Total Other Revenue	<u>1,000</u>	<u>6,072</u>	<u>5,072</u>
TOTAL REVENUES	<u>137,004</u>	<u>172,725</u>	<u>35,721</u>
EXPENDITURES:			
Legislative:			
Township Board			
Personal Services	-	5,541	(5,541)
Supplies	-	-	-
Other Services and Charges	-	-	-
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Township Board	<u>-</u>	<u>5,541</u>	<u>(5,541)</u>
Total Legislative	<u>-</u>	<u>5,541</u>	<u>(5,541)</u>
Elections:			
Elections			
Personal Services	11,600	735	10,865
Supplies	-	39	(39)
Other Services and Charges	-	-	-
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Elections	<u>11,600</u>	<u>774</u>	<u>10,826</u>

TOWNSHIP OF AUTRAIN, MICHIGAN

MAJOR GOVERNMENTAL FUNDS
GENERAL FUNDSCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Year Ended March 31, 2006

	Budget	Actual	Variance Favorable (Unfavorable)
General Government:			
Supervisor			
Personal Services	\$ 42,850	\$ 8,312	\$ 34,538
Supplies	-	-	-
Other Services and Charges	-	21,276	(21,276)
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Supervisor	<u>42,850</u>	<u>29,588</u>	<u>13,262</u>
Clerk			
Personal Services	21,775	9,419	12,356
Supplies	-	1,984	(1,984)
Other Services and Charges	-	1,578	(1,578)
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Clerk	<u>21,775</u>	<u>12,981</u>	<u>8,794</u>
Board of Review:			
Personal Services	2,400	705	1,695
Supplies	-	-	-
Other Services and Charges	-	270	(270)
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Board of Review	<u>2,400</u>	<u>975</u>	<u>1,425</u>
Treasurer:			
Personal Services	28,900	9,420	19,480
Supplies	-	1,485	(1,485)
Other Services and Charges	-	9,660	(9,660)
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Treasurer	<u>28,900</u>	<u>20,565</u>	<u>8,335</u>
Assessor			
Personal Services	19,300	16,600	2,700
Supplies	-	700	(700)
Other Services and Charges	-	-	-
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Assessor	<u>19,300</u>	<u>17,300</u>	<u>2,000</u>
Building and Grounds:			
Personal Services	135,800	4,387	131,413
Supplies	-	-	-
Other Services and Charges	-	25,601	(25,601)
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Building and Grounds	<u>135,800</u>	<u>29,988</u>	<u>105,812</u>

TOWNSHIP OF AUTRAIN, MICHIGAN

**MAJOR GOVERNMENTAL FUNDS
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended March 31, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cemetery:			
Personal Services	\$ 31,000	\$ 425	\$ 30,575
Supplies	-	-	-
Other Services and Charges	-	670	(670)
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Cemetery	<u>31,000</u>	<u>1,095</u>	<u>29,905</u>
Total General Government	<u>282,025</u>	<u>112,492</u>	<u>169,533</u>
Public Works:			
Streets:			
Personal Services	-	-	-
Supplies	-	-	-
Other Services and Charges	-	-	-
Capital Outlay	50,000	17,358	32,642
Debt Service	-	-	-
Total Streets	<u>50,000</u>	<u>17,358</u>	<u>32,642</u>
Streetlight:			
Personal Services	-	-	-
Supplies	-	-	-
Other Services and Charges	10,000	7,347	2,653
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Streetlight	<u>10,000</u>	<u>7,347</u>	<u>2,653</u>
Total Public Works	<u>60,000</u>	<u>24,705</u>	<u>35,295</u>
Community and Economic Development			
Zoning:			
Personal Services	19,500	540	18,960
Supplies	-	-	-
Other Services and Charges	-	9,560	(9,560)
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Zoning	<u>19,500</u>	<u>10,100</u>	<u>9,400</u>
Community Action:			
Personal Services	-	-	-
Supplies	-	-	-
Other Services and Charges	1,000	950	50
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Community Action:	<u>1,000</u>	<u>950</u>	<u>50</u>
Total Community and Economic Development	<u>20,500</u>	<u>11,050</u>	<u>9,450</u>

TOWNSHIP OF AUTRAIN, MICHIGAN

MAJOR GOVERNMENTAL FUNDS
GENERAL FUNDSCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Year Ended March 31, 2006

	Budget	Actual	Variance Favorable (Unfavorable)
Recreation and Culture:			
Recreation Department			
Personal Services	\$ -	\$ -	\$ -
Supplies	-	-	-
Other Services and Charges	20,000	15,065	4,935
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Recreation Department	20,000	15,065	4,935
Total Recreation and Culture	20,000	15,065	4,935
Other Functions:			
Fringe Benefits	4,000	6,931	(2,931)
Insurance and Bonds	17,500	14,373	3,127
Other Services and Charges	24,750	2,396	22,354
Capital Outlay	5,000	51,960	(46,960)
Total Other Functions	51,250	75,660	(24,410)
Total Other Functions	51,250	75,660	(24,410)
TOTAL EXPENDITURES	445,375	245,287	200,088
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(308,371)	(72,562)	235,809
OTHER FINANCING SOURCES (USES):			
Operating Transfer In	20,000	20,000	-
Operating Transfer (Out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	20,000	20,000	-
NET CHANGE IN FUND BALANCE	(288,371)	(52,562)	235,809
Fund Balance, Beginning of Year	386,675	386,675	-
FUND BALANCE, END OF YEAR	\$ 98,304	\$ 334,113	\$ 235,809

TOWNSHIP OF AUTRAIN, MICHIGAN

MAJOR GOVERNMENTAL FUNDS
FIRE FUNDSCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Year Ended March 31, 2006

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Taxes:			
Current Levy	\$ 127,915	\$ 128,815	\$ 900
Commercial Forest Reserve	1,000	3,879	2,879
Total Taxes	<u>128,915</u>	<u>132,694</u>	<u>3,779</u>
Federal Sources:			
Grant	-	44,650	44,650
Total Federal Sources	<u>-</u>	<u>44,650</u>	<u>44,650</u>
Charges for Services:			
Fire Services	-	3,802	3,802
Total Charges for Services	<u>-</u>	<u>3,802</u>	<u>3,802</u>
Interest:			
Investment Interest	400	1,989	1,589
Total Interest	<u>400</u>	<u>1,989</u>	<u>1,589</u>
Other Revenue:			
Other Revenue	2,500	1,600	(900)
Total Other Revenue	<u>2,500</u>	<u>1,600</u>	<u>(900)</u>
TOTAL REVENUES	<u>131,815</u>	<u>184,735</u>	<u>52,920</u>
EXPENDITURES:			
Public Safety:			
Fire Department:			
Personal Services	12,600	8,203	4,397
Supplies	74	-	74
Other Services and Charges	56,600	44,850	11,750
Capital Outlay	18,000	17,152	848
Debt Service	36,000	41,649	(5,649)
Total Fire Department	<u>123,274</u>	<u>111,854</u>	<u>11,420</u>
Total Public Safety	<u>123,274</u>	<u>111,854</u>	<u>11,420</u>
TOTAL EXPENDITURES	<u>123,274</u>	<u>111,854</u>	<u>11,420</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>8,541</u>	<u>72,881</u>	<u>64,340</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfer In	-	-	-
Operating Transfer (Out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>8,541</u>	<u>72,881</u>	<u>64,340</u>
Fund Balance, Beginning of Year	<u>87,163</u>	<u>87,163</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 95,704</u>	<u>\$ 160,044</u>	<u>\$ 64,340</u>

TOWNSHIP OF AUTRAIN, MICHIGAN

**MAJOR GOVERNMENTAL FUNDS
RUBBISH COLLECTION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended March 31, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Taxes:			
Current Levy	\$ 40,971	\$ 37,995	\$ (2,976)
Commercial Forest Reserve	3,000	3,601	601
Delinquent Taxes		6,023	
Total Taxes	<u>43,971</u>	<u>47,619</u>	<u>(2,375)</u>
Interest:			
Investment Interest	1,000	6,821	5,821
Total Interest	<u>1,000</u>	<u>6,821</u>	<u>5,821</u>
TOTAL REVENUES	<u>44,971</u>	<u>54,440</u>	<u>3,446</u>
EXPENDITURES:			
Public Works:			
Sanitation:			
Personal Services	-	-	-
Supplies	-	-	-
Other Services and Charges	137,000	95,998	41,002
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Sanitation	<u>137,000</u>	<u>95,998</u>	<u>41,002</u>
Total Public Works	<u>137,000</u>	<u>95,998</u>	<u>41,002</u>
TOTAL EXPENDITURES	<u>137,000</u>	<u>95,998</u>	<u>41,002</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(92,029)</u>	<u>(41,558)</u>	<u>44,448</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfer In	-	-	-
Operating Transfer (Out)	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(112,029)</u>	<u>(61,558)</u>	<u>44,448</u>
Fund Balance, Beginning of Year	<u>250,206</u>	<u>250,206</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 138,177</u></u>	<u><u>\$ 188,648</u></u>	<u><u>\$ 44,448</u></u>

TOWNSHIP OF AUTRAIN, MICHIGAN

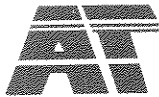
FIDUCIARY FUNDS

COMBINING STATEMENT OF NET ASSETS

March 31, 2006

	Trust & AGENCY FUND	TAX COLLECTION FUND	TOTAL
ASSETS:			
Cash and Cash Equivalents	\$ 3,240	\$ 27,072	\$ 30,312
TOTAL ASSETS	<u>\$ 3,240</u>	<u>\$ 27,072</u>	<u>\$ 30,312</u>
LIABILITIES:			
Due to Other Funds	\$ -	\$ -	\$ -
Due to Other Governmental Units	<u>3,240</u>	<u>27,072</u>	<u>30,312</u>
TOTAL LIABILITIES	<u>\$ 3,240</u>	<u>\$ 27,072</u>	<u>\$ 30,312</u>

COMPLIANCE SUPPLEMENTS



ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN
ESCANABA
IRON MOUNTAIN
KINROSS
MARQUETTE

WISCONSIN
GREEN BAY
MILWAUKEE

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Supervisor and Township Board of Trustees
Township of Autrain, Michigan
P.O. Box 33
AuTrain, Michigan 49806

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, of the Township of Autrain, Michigan as of and for the year ended March 31, 2006, which collectively comprise the Township of Autrain, Michigan's basic financial statements and have issued our report thereon dated September 30, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Autrain, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Autrain, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*. These instances are described in a separate letter to management dated September 30, 2006 as 06-01 and 06-02.

This report is intended solely for the information and use of the audit committee, management, and Township Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Company, PLC
Certified Public Accountants

September 30, 2006



ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

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Township of AuTrain, Michigan Report to Management Letter For the Year Ended March 31, 2006

To the Honorable Supervisor and Township Board
Township of AuTrain, Michigan
PO Box 33
AuTrain, MI 49806

In planning and performing our audit of the financial statements of the Township of AuTrain, Michigan for the year ended March 31, 2006; we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could affect the Township of AuTrain, Michigan's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

Excess Expenditures Over Appropriations

06-01 Condition/Criteria: Public Act 621 of 1978, Section 18 (1) as amended, provides that townships shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Township had actual expenditures and budgeted expenditures for the General Fund and Special Revenue Funds have been shown on a functional basis. The approved budgets of the Township for these funds were adopted on an activity and/or program level. During the year ended March 31, 2006, the Township incurred functional expenditures which were in excess of the amounts appropriated as shown within the basic financial statements.

Effect: The Township is not in compliance with State Law.

Cause of Condition: Failure to amend the budgets during the year based on the level of expenditures.

Recommendation: The Township should strictly control expenditures in each governmental fund so as not to exceed the original appropriation. When this is not possible, the budget should be amended accordingly.

Management Response – Corrective Action Plan:

- Contact Person(s) Responsible for Correction:
 - Mary Rogers, Clerk
- Corrective Action Planned:
 - The budget will be more closely monitored and budget amendments will be made accordingly.
- Anticipated Completion Date:
 - March 31, 2007

Chart of Accounts

06-02 Condition/Criteria: Public Act 2 of 1968, as amended, provides that townships shall use the Uniform Chart of Accounts for Counties and Local Units of Government in Michigan. During the year ended March 31, 2006, the Township did not use any account numbers as required by this act.

Effect: The Township is not in compliance with State Law.

Cause of Condition: Failure to setup account numbers when setting up their new computer system.

Recommendation: The Township should setup their computer system with the account number and name for all accounts in the general ledger.

Management Response – Corrective Action Plan:

- Contact Person(s) Responsible for Correction:
 - Mary Rogers, Clerk
- Corrective Action Planned:
 - The Township is planning on incorporating the account numbers into their computer system in the coming fiscal year.
- Anticipated Completion Date:
 - March 31, 2007

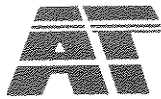
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This report is intended solely for the information and use of the Township of AuTrain, Michigan's board, management, and other legislative or regulatory body and is not intended to be and should not be and should not be used by anyone other than these specified parties.

We appreciate and would like to thank the Township of AuTrain, Michigan's staff for the cooperation and courtesy extended to us during our audit. We would be pleased to discuss any comments or answer any questions regarding our audit with you at your convenience.

Anderson, Tackman & Company, PLC
Certified Public Accountants

September 30, 2006



ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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MILWAUKEE

September 30, 2006

To the Honorable Supervisor and Township Board
Of the Township of AuTrain, Michigan
PO BOX 33
AuTrain, MI 49806

We have audited the financial statements of the Township of AuTrain; Michigan for the year ended March 31, 2006, and has issued our report thereon dated September 30, 2006. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of the Township of AuTrain, Michigan. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, we performed test of the Township of AuTrain, Michigan's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management is responsible for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of the accounting policies and their application. The significant accounting policies used by the Township of AuTrain, Michigan are described in the Footnotes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by the Township of AuTrain, Michigan during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

To the Honorable Supervisor and Township Board
Of the Township of AuTrain, Michigan

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Township of AuTrain; Michigan's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Township of AuTrain, Michigan, either individually or in the aggregate, indicate matters that could have a significant effect on the Township of AuTrain, Michigan's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township of AuTrain, Michigan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in the performance of our audit.

Conclusion

This information is intended solely for the use of the Township of AuTrain, Michigan Board and management and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Company, PLLC
Certified Public Accountants